(a) and (b). On 14th December, 1988, the Reserve Bank of India, New Delhi, had released foreign exchange worth US $ 900 to Shri Abhaya Chhajalani, Editor, Hindi Nai Dunia of Indore for his five days trip to China to cover the Prime Minister of India's visit to that country.

**Finalisation of textile policy report by Abid Hussain Committee**

1948. SHRI A. G. KULKARNI:

DR. BAPU KALDATE:

SHRI VISHWASRAO RAMRAO PATIL:

SHRI KAMAL MORARKA:

Will the Minister of TEXTILES be pleased to state:

(a) whether there is any proposal from Maharashtra Government to nationalise sick textile mills and if so, what are the names of the mills;

(b) whether the State Government has finally taken decision to permit sick mills to sell extra land and invest money for modernisation; and

(c) whether the Abid Hussain Committee has finalised the report on review of Textile Policy and if so, what are its conclusions?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (KUMARI SAROJ KHAPARDE): (a) The Central Government has so far received a revised viability study from the Maharashtra Government on the revival/nationalisation of Khandesh Spinning and Weaving Mills Limited, Jalgaon. A modified proposal on the revival/nationalisation of Sreenivas Mills Limited is awaited.

(b) The State Government has not communicated any such decision to the Central Government.

(c) No, Sir.

**News item captioned "Sinking Rupee should be our worry"**

1949. SHRI A. G. KULKARNI:

SHRI VISHWASRAO RAMA-RAO PATIL:

Will the Minister of FINANCE be pleased to state:

(a) whether he has seen the article in the Sunday Observer of 4th June, 1989 captioned "Sinking rupee should be our worry" and if so, what is Government's reaction to the various questions raised in the article;

(b) whether the recent Aid India Consortium meeting at Paris has agreed to finance $ 6.7 billion which is short of India's expectation and if so, what are the alternate measures and what is the amount of soft loan out of $ 6.7 billion; and

(c) what are the observations of the World Bank on increased deficit and foreign currency reserves?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) Yes, Sir. The sense of alarm expressed in the article is not borne out by facts. In 1988-89 while real GDP growth is provisionally estimated to have been of the order of 9 per cent, the inflation rate was contained at no more than 5.7 per cent. The budgetary deficit in 1988-89, as a proportion of GDP is estimated to have been around 1.5 per cent. Similar price trends are continuing during the current year also.

(b) At the recent Aid India Consortium meeting, aid pledges of about US $ 6.7 billion were indicated for 1989-90, which is higher than US 6.3 billion pledged last year. The terms and conditions of the aid will be known only after aid negotiations are finalised with each donor agency during the course of the year.

(c) At the meeting the members expressed appreciation of the progress achieved by the Government in reducing

the budget deficit and looked forward to further improvement in this direction. However, no specific suggestions were made in this regard.

**Evasion of tax by reputed consumer goods manufacturing companies**

1950. SHRI MOHINDER SINGH LATHER:

SHRI CHATURANAN MISHRA:

SHRI N. E. BALARAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that companies of repute manufacturing consumer goods such as toothpastes, shampoos, soaps, detergents etc., in the country have been evading tax on a large scale as reported in the Economic Times of 30th May, 1989;

(b) if so, what are the details thereof stating the names of the companies involved in the evasion of Central taxes and the estimated amount of tax evasion by these companies annually;

(c) what is their modus operandi; and

(d) what action has been taken by Government against such companies?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) and (b) The news item of "Economic Times" relates to evasion of both Central Excise duties and Sales tax. Sales tax being subject is not the concern of Union Government. As regards evasion of Central Excise duties, the names of companies alongwith details of Central Excise duty allegedly evaded by them are given in the statement (*See* below).

(c) The modus operandi adopted by the above companies for evading Central Excise duties were wrong availment of small scale exemption, clandestine removals, mis-declaration of products and under-valuation.

(d) 5 cases out of those referred to in the Annexure have since been adjudicated confirming duty amounting to Rs. 4.42 crores, imposing penalty totalling Rs. 40 thousand and fine totalling Rs. 50 thousand. The other cases are either pending adjudication or are tied up with Courts.

**Statement**

*Evasion of tax by reputed consumer goods manufacturing companies*

| S. No. | Name of the Company | Amount of evasion of Central Excise duty detected (Rs. in lakhs) |
|---|---|---|
| 1 | 2 | 3 |
| 1. | Adhunik Detergent Pvt Ltd., | 26.00 |
| 2. | M/s. Arya Vaidya Pharmacy (Coimbatore) Ltd ., Kanjikode | |
| 3. | M/s. Arya Vaidya Sala, Kottakkal, Kalappuram | 43.65 |
| 4. | Detergent & Chemicals, Maharashtra | 1.06 |
| 5. | M/s. Flash Laboratories Ltd , Bahadurgarh | 17.22 |
| 6. | M/s. Godrej Soaps Pvt. Ltd., Bombay | |
| 7. | M/s. Dento Plast Industries, Kota | |